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**THE UNITED STATES MERCHANT MARINE: A VALUABLE STRATEGIC
RESOURCE, NOW AND FOR THE FUTURE**

Core Course V Essay

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Core Course V
Seminar K
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Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE 1994		2. REPORT TYPE		3. DATES COVERED 00-00-1994 to 00-00-1994	
4. TITLE AND SUBTITLE The United States Merchant Marine: A Valuable Strategic Resource, Now and for the Future				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) National War College, 300 5th Avenue, Fort Lesley J. McNair, Washington, DC, 20319-6000				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT see report					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES 18	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

INTRODUCTION

Alfred Thayer Mahan has been quoted as saying "[A] nation's maritime commerce strength in peacetime is the most telling indication of its overall endurance during war."¹ In today's modern context there still exists within our nation's defense planning, the understanding of the need for a maritime capability to support our projected wartime and emergency contingencies. In his February, 1993 Chairman's report, General Colin L. Powell highlighted the role of sealift capacity to meet our nation's strategic lift needs in addressing the new regional and flexible focus of our worldwide military missions.² In his Annual Report to the President and the Congress in January 1994, former Secretary of Defense Les Aspin discussed the essential role that mobility forces, including sealift, will play in our nation's effort at responding to regional dangers and opportunities.³ The question arises however whether Mahan's nexus still exists as it pertains to the role of our merchant marine in our wartime or national emergency sealift effort.

The most recent example where sealift played a significant role in support of our nation's military mission occurred during Desert Storm/Desert Shield(hereinafter referred to as the Persian Gulf War). While our sealift needs were basically met, some writers have indicated that about 45% of that sealift capacity came from foreign chartered ships and that there were insufficient United States(U.S.) merchant seamen available to meet the manning of our nation's reserve fleet.⁴ There were even some foreign ships which were prohibited by their governments from entering the combat zone, thus affecting the effectiveness of our sealift effort.⁵ Whether this represents a true picture of our sealift capability or accurately projects the extent to which our maritime fleet will be needed to meet our strategic requirements is the subject of this paper.

UNITED STATES MERCHANT MARINE: HISTORICAL PERSPECTIVE

Our nation's maritime industry has the following roles:

- to carry our waterborne domestic commerce
- to carry substantial portions of the waterborne export and import of the foreign

commerce of the United States

- to be capable of serving as a naval and military auxiliary in time of war or national emergency

- to be owned and operated under the United States flag

- to be composed of the best equipped and safest vessels, and built in the United States

- to be manned with trained and efficient United States citizens, and

- to be supplemented by efficient facilities for shipbuilding and ship repair.⁶

This philosophy led to our nation's enactment of the Merchant Marine Act of 1936.

This act encompassed the effort to overcome competition from subsidized foreign shipping lines and it attempted to secure a place for the United States in ocean transportation which was deemed necessary for both our national defense and development of our foreign trade.⁷ From a national defense standpoint this effort bore fruit in our nation's ability to meet its military sealift needs in World War II to include the building of more than 5,000 commercial vessels and hundreds of warships during the war.⁸ From a foreign commerce standpoint the resultant effect was a U.S. flag fleet of 716 vessels in 1948⁹ as well as a post-war U.S. flag fleet which accounted in 1950 for almost 43% of the nation's foreign waterborne commerce.¹⁰ Yet by 1992, there were only 151 privately-owned U.S. flag vessels over 1,000 tons engaged in foreign trade¹¹ and our market share of our foreign waterborne commerce had shrunk to a total of only 4%.¹²

A key aspect of the Merchant Marine Act of 1936 was the creation of the Operational Differential Subsidy(ODS) program which consisted of subsidy payments to the U. S. flag carriers directed at offsetting higher U.S. operating cost on specific trade routes.¹³ Despite this program, from approximately 1979 to 1992 ten U.S. flag operators went bankrupt.¹⁴ By 1992 the U.S. flag fleet ranked only 16th in the world with only 393

seagoing vessels, some of which were engaged in the domestic trade which was limited by the Jones Act¹⁵ to only U.S. built U.S. flag vessels. Former Secretary of Transportation Andrew Card predicted that with the phase-out of the ODS program set to take place from 1995 to 1998, this U.S. fleet would shrink to 117 ships, most of which would be older vessels in the Jones Act trade.¹⁶

During this time frame the U.S. shipbuilding industry also suffered a significant economic decline. While in 1974 there were 97 commercial vessels constructed in U.S. shipyards, the rate of construction dropped steadily to include a period from 1988 to 1990 when no new commercial vessels were built. This was due in part to the elimination in 1981 of the Construction Differential Subsidy, and as of September 1, 1993, there was only one privately-owned vessel under construction for use in the Jones Act trade.¹⁷

Based on this projection Card proposed a sixteen-point program to revitalize the merchant marine, to include replacing the ODS with a new seven-year payment program called the Contingency Retainer Program(CRP).¹⁸ But this proposal ran into shoal water from two sources, the first from U.S. shipbuilders and the second from the Department of Defense(DOD). U.S. shipbuilders have argued for the need for the re-establishment of their subsidies to remain competitive with subsidized foreign shipyards. However a Federal Trade Commission hearing found that even if these foreign subsidies were eliminated that it was still unlikely that U.S. shipyards would be competitive.¹⁹ This finding rests on the fact that U.S. shipyards lack the expertise in construction, planning and managing production schedules which results in greater man hour requirements and thus in higher construction costs. Despite this fact U.S. shipbuilders have been successful in Congress by ensuring that any bill related to the U.S. maritime industry will not be enacted unless it includes some form of shipbuilding subsidy.²¹

DOD has also been a factor in this area by taking the general position that it is not responsible for maintaining the viability of a strong U.S. merchant fleet.²² This position in the past has been demonstrated in two areas. The first is the manner in which the Military Sealift Command(MSC) provides access to U.S. cargo under cargo preference rules. These cargo preference rules theoretically give all U.S. flag carriers greater access to U.S. government cargo. In practice, MSC procedures allegedly amount to a winner take all procedure which encourages "low ball" bids thus causing the bidding losers to eventually seek economic relief through reflagging as a foreign carrier.²³ Secondly in the area of operation subsidies, DOD has been less than supportive. With respect to the Card proposals, Senator John B. Breaux, in an attempt to get over the funding hurdle, requested that DOD contribute 47 million a year for a seven-year period. DOD took the position that a merchant marine consisting of only 25 ships by the year 2005 would be sufficient for its needs, and thus it refused to provide the requested funding.²⁴ Again when Secretary of Transportation Federico Pena initially proposed operating subsidies for 90 ships, DOD supported a more limited proposal to support only 30 ships.²⁵ It is clear that DOD's plans to provide strategic sealift have not historically included the U.S. flag fleet as a major player.

Throughout this maelstrom of legislative proposals and counterproposals two concrete legislative initiatives have emerged. One key piece of legislation was the House passed Maritime Security and Competitiveness Act of 1993(HR 2151) which proposed an amendment to the Merchant Marine Act of 1936 through creation of a Maritime Security Fleet Program.²⁶ This act is directed at assisting both U.S. flag operators and U.S. shipbuilders. This bill however was not addressed by the Senate in the 1993 legislative session. Subsequently it was announced by the Clinton administration on March 10,

1994, that it was proposing a new 10 year, one billion dollar plan to pay set amounts to U.S. flag operators to offset the extra costs of larger U.S. crew sizes resulting from U.S. regulations.²⁷ This proposal is set for Senate consideration on April 12, 1994 and is to be considered in conjunction with HR 2151. This Clinton proposed bill however does not deal with shipbuilding matters. The Clinton administration instead submitted a five-point plan on shipbuilding on October 25, 1993, which proposal is currently under consideration in the House.²⁸ Thus it appears the separate issue of the need for a strong U.S. flag merchant fleet has been decoupled from its shipbuilding twin allowing both issues to be considered on their own merits. The question remains however, whether and to what extent there are within defense sealift mobility plans and policies a DOD need for a commercially viable U.S. flag merchant fleet.

DOD SEALIFT PLANS AND PROJECTIONS

Legislative and historical developments have clearly identified three base-line arguments for maintaining a viable U.S. merchant marine industry:

- 1) the need for a strong sealift capacity to
 - a) support emergency military needs, and
 - b) control a fair share of U.S. foreign commerce to ensure us economic competitiveness
- 2) the need for a solid shipyard industrial base; and
- 3) the need for qualified merchant seamen to meet additional manning needs brought about by the emergency activation of the reserve merchant fleet ships.

Of these areas, DOD in its policy implementation has clearly focused on the need to ensure it has adequate vessel sealift capacity for emergency military needs to the basic exclusion of all other interests. More specifically, the focus has not been the maintenance of a commercially viable U.S. flag fleet, as much as it has been on development of a U.S.

government owned and controlled fleet to fulfill this sealift mission. DOD has shown only passing interest in the commercial shipyard industrial base as it pertains to government owned vessel construction, conversion and refitting. And lastly, it has largely overlooked the long-term need for qualified merchant seamen except when it comes to fulfilling its MSC ship manning needs. Overall DOD policy is limited more to near term needs and has not been broad enough to consider variable assumptions with respect to other courses of action which may be required to meet its sealift needs.

DOD's Bottom-Up Review(BUR) is focused on the use of military power at a regional level. The BUR stresses the projection of this power to secure U.S. regional interests to include the defeat of potentially hostile regional powers. The primary planned for military contingency in the BUR is the "major regional conflict"(MRC), for which the BUR projects a force structure large enough to achieve decisive victory in two "nearly" simultaneous MRCs. In support of that effort DOD plans call for substantial investments in 1) modern airlift and sealift fleets and 2) prepositioning of equipment and supplies.²⁹

Independent of the above planned objectives, DOD conducted The Mobility Requirements Survey (MRS) in 1991 to examine our nation's mobility requirements. This study, which used scenarios primarily focused on MRCs in southwest Asia and Korea, recommended acquisition of additional medium-speed sealift vessels and afloat prepositioning ships. The BUR not only reaffirmed this need but in fact called for additional capabilities in the areas of sealift and prepositioning requirements.³⁰ However, the MRS, unlike the BUR, was structured to address only one MRC. The MSC therefore has currently in progress a supplemental review directed at identifying our two MRC sealift needs and thus has not yet fully planned for this contingency.³¹

The strategic sealift mission falls into two mobilization categories 1) surge-which is

that part of the effort which takes place during the initial phase of the mobilization through about day 52,³² and 2) sustainment(or resupply)-which is that effort directed at continuing the logistical support over the remaining period of a military operation.

Altogether it is estimated that 95% of all mobilized military cargo during war will have to be transported by sealift.³³ These efforts compliment the on-going preposition activities which place equipment and supplies in position on land and afloat for immediate use through approximately the initial 30 days of a given military operation.

U.S. sealift fleet requirements come from four domestic sources: 1) MSC(DOD)-owned or chartered vessels; 2) the government owned National Defense Reserve Fleet(NDRF), which is preserved by the U.S. Maritime Administration(MARAD) for breakout in a one to six month period, and which includes as a sub-element the Ready Reserve Fleet(RRF), which is maintained by MARAD for breakout in 30 days or less; 3) U.S. flag vessels;³⁴ and 4) the "effective U.S. controlled" fleet(EUSC) consisting of foreign flag vessels owned by U.S. operators whose foreign registry does not prohibit the vessels from being requisitioned in time of national emergency.³⁵

In planning its needs to meet its sealift requirements, MSC has projected out those needs through the year 2001. MSC has 35 preposition ships of which 25 are chartered from the U.S. commercial fleet³⁶ and 10 come from the RRF. These ships are divided between U.S. Marine Corps and U.S. Army preposition requirements and are spread over three geographic areas.³⁷ MSC currently plans to increase this capability by the addition of 12 DOD-owned roll-on/roll-off(RO/RO) vessels.³⁸

Altogether for surge and sustainment requirements the government owns and maintains 98 dry cargo vessels and 11 tankers. In addition, pursuant to the 1991 MRS, 19 large medium-speed RO/RO vessels are being added to the fleet by the year 2001 of

which eleven(11) will go directly into the RRF.³⁹ MSC has identified 247 military-useful ships in the U.S. flag fleet(including 112 in the domestic Jones Act trade) and 113 EUSC military-useful vessels.⁴⁰ In all, between surge and sustainment requirements MSC projects the need by the year 2001 for approximately 42 U.S. flag vessels to supplement the DOD-owned and RRF vessel capability. This projection includes a 250% increase in DOD-owned sealift capacity brought about by the acquisition of the above mentioned large RO/RO vessels which will greatly exceed the current capacity of existing RO/RO vessels.⁴¹ In the interim there will exist a gap in the sealift capacity requirements needed to support one MRC which theoretically could be filled by current U.S. fleet capacity.

There are however four factors regarding this area which warrant further consideration. First, MSC is reluctant to take too many U.S. flag vessels out of normal service within their existing trade routes. The absence of these vessels could result in the loss of those routes to foreign competition.⁴² Secondly, most of the U.S. commercial fleet is composed of containerships which while well suited for the movement of military supplies are not as well suited as RO/RO vessels for the movement of military equipment. Thirdly, among the vessels utilized in the RRF are auxiliary crane vessels(T-ACS) which are used to support off loading of both RO/RO and container ships. Most RO/RO vessels have at least one self-activating ramp and usually three other ramps which have to be placed into position by T-ACS cranes. On the other hand most containerships require the use of a T-ACS for off loading all cargo.⁴³ Thus while T-ACS are important for the cargo handling capability of RO/RO vessels they are indispensable for most containerships. Finally, equipment stored on RO/RO vessels is self-motorized, while containers require the supporting infrastructure of port-side trailers for transport to dockside storage or transshipment to their eventually destination.

The above considerations are evidence of the basic tension which exists between the DOD sealift requirements and the peacetime needs of the commercial liner service. Commercial operators have developed an extremely efficient intermodal system which is cost effective in terms of time utilization and loading/unloading requirements, but which requires an infrastructure which might not exist in less developed areas of the world. DOD's predominate RO/RO fleet de-emphasizes optimum utilization of cubic vessel storage space in favor of the ability to quickly load and unload self motorized equipment. Therefore, DOD's interest in the size of the available U.S. flag fleet is limited in terms of both the number and type of vessels it needs to fulfill its strategic mission.

DOD's limited interest in the number of available U.S. flag vessels is also reflected in DOD's placement of U.S. flag and EUSC vessels into the same category for purposes of estimating available private sealift capacity.⁴⁴ DOD's figure on the number of military-useful vessels in the U.S. flag/EUSC category is currently placed at 360, which would seem to support DOD's claim that these vessels have twice the capacity needed for two nearly simultaneous MRCs.⁴⁵ Figures from other sources on the size of the U.S. flag fleet range from 393 vessels⁴⁶ to 351 vessels⁴⁷ with a projected decrease in this total to 117 vessels by the year 2000 if there is no further extension of the ODS. Most of these 117 vessels will be older ships engaged in the domestic Jones Act trade⁴⁸ and the overall foreign trade fleet would include only an estimated total of 18 containerships.⁴⁹ Theoretically many of the former U.S. flag ships would shift to the EUSC category and thus still be available for mobilization. However at least one projection shows that the EUSC category is also shrinking, showing a decrease of 56% between 1981 to 1991.⁵⁰ In sum DOD's public position on the U.S. flag fleet has been that a total of only 25 to 30 vessels will be needed for future mobilization needs.⁵¹ While this figure is lower than the

42 vessels cited by MSC as required to meet its needs in the year 2001, it does evidence a continuing DOD position reflective of only limited interest in the commercial viability of the current and future U.S. flag fleet.

The question then arises as to whether the Persian Gulf War offers any indication of the actual sealift needs of a one MRC operation. One author placed the vessel needs during the conflict at 365 commercial ships of which half were foreign flag.⁵² MSC calculations for a one MRC contingency place the daily sealift needs at 3,500 TEUs (twenty-foot container equivalent units). During the Persian Gulf War the average TEU requirement was actually 50% of that total with no one day exceeding this 3,500 TEU level.⁵³ MARAD figures show that 85% of all military cargo went by sealift. In addition, while not reflective of actual vessel numbers, MARAD figures indicated that 47% of the vessels used were U.S. government owned (including 22% RRF); 32% were U.S. flag; and 21% were foreign flag. MARAD figures also showed that a total of 74 RRF vessels were activated⁵⁴ which by extrapolation would place estimated usage of U.S. flag vessels at an even greater number and foreign flag vessel usage at least the same level as the RRF. Arguably this would place current U.S. flag needs for one MRC at a number higher than the 42 cited by MSC and of course significantly higher for two nearly simultaneous MRCs scenario. This would be especially true depending on how close together the two MRCs occur. If the first MRC is still in the surge or early sustainment stage then there will be fewer U.S. government owned and RRF vessels available, thus arguably requiring greater dependence on U.S. flag, EUSC and/or foreign vessels. However chartered EUSC vessels will be manned by their foreign crews,⁵⁵ and while some foreign vessels will be from allied nations, there still is the question of the potential loyalty and in some cases competence of these foreign crews. Therefore from a security and dependability

standpoint the use of U.S. flag vessels would be preferable over the use of EUSC and foreign vessels.

ASSUMPTIONS

Even accepting at face value current contingency planning for a one MRC scenario and its estimation of vessel needs to support sealift capacity through the year 2001, this planning has in its assumptions overlooked three additional factors which could significantly impact on our sealift capacity. The first factor is crew manning. At a minimum all RRF vessels not in active service will have to be manned upon call-up by available U.S. merchant seamen. Currently there are approximately 97 of these inactive vessels in the RRF.⁵⁵ By the year 2001 there will be upwards of 119 total RRF vessels and MSC estimates place RRF manning needs at around 3,000 merchant seamen.⁵⁶ During the Persian Gulf War it was reported that around 3,000 merchant seamen were needed⁵⁷ and despite that fact, six RRF vessels could not be readied due to manpower limitations.⁵⁸ Historically, during the same time period of U.S. flag fleet decline from 1960 to 1992 there was a corresponding manpower decline of 76%. The 1992 totals place the active number of merchant seamen at between 12,643 to 27,000 with projections for the year 2001 of between 2,990 and 9,000.⁵⁹ This possible manpower problem may not necessarily be limited to RRF vessels but may also apply to EUSC vessels. While "chartered" EUSC vessels are manned by their foreign crews, MSC has not determined whether "requisitioned" EUSC vessels will require U.S. or foreign crews.⁶⁰ Overall there is a direct correlation between the existence of a viable U.S. flag fleet and crew availability. Ironically while MSC is pointing toward greater dependency on a DOD-owned fleet and has been less concerned with the condition of the U.S. flag fleet, it is the flag fleet which will be the key to fulfilling the manpower needs of that DOD-owned fleet.

The second factor arises in assumptions made in MSC's plans to support part of its sealift mission with allied vessels. In the Persian Gulf War, as noted above, 21% of MSC sealift capacity was handled by foreign flag vessels. MSC continues to project through the year 2000 the same available support at least where the sealift capacity of military equipment is concerned.⁶¹ Yet in the BUR, DOD recognizes the fact that there may be times where the U.S. may have to opt to act unilaterally in its own interest.⁶² It would appear that it would be more advantageous to the U.S. to continue to have a viable U.S. flag fleet of sufficient size to draw from in those times where we find little or no international political support for our unilateral military actions.

Lastly, former Secretary Aspin's Report to the President and Congress does not appear to contemplate in its sealift planning what alternatives will be utilized when our sealift capability is disrupted by hostile enemy action. While it is unlikely that most hostile opponents will have or be able to maintain major weapons capabilities comparable to ours, it is quite possible that they will have a micro weapons capabilities with which to directly or indirectly impact on our sealift capability. The acquisition of cruise missiles and modern sea mines will give a number of potential aggressors sufficient capability to destroy merchant vessels, dock facilities, or major sea transportation points such as the Suez Canal. Merchant vessels docked or anchored at or near port facilities as well as the facilities themselves are very susceptible to missile attack. A less than sophisticated guidance system would be need to cause destruction of these targets which, in the case of vessels in port and their dock facilities, are stationary. Unfortunately we no longer have our World War II capability to build replacement merchant vessels in 90 days. Destruction of merchant vessels and their transshipment points will result in a disruption of our logistics sequencing. Vessel losses can be compensated for directly by replacement

vessels. Losses of transshipment points can be addressed for by increasing the number of overall vessels utilized in the pipeline thus compensating for longer supply lines of communication. MSC planning currently does not take into account either vessel loss or loss of key transshipment facilities such as the Suez Canal.⁶³ If it did it would more than likely recognize the flexible alternatives which could be offered by the availability of a larger and more viable U.S. flag fleet.

CONCLUSION

Mahan's theory that the strength of nation's peacetime maritime commerce is an indication of its overall endurance during war is, although for possibly different reasons, still valid today. The Persian Gulf War paradigm may well not have shown us the true underlying needs for a strong and viable U.S. flag fleet; and an ever-decreasing fleet will eventually result in the loss of alternatives for our current sealift operational planning. The existence of a viable U.S. flag fleet will give us the greater ability 1) to depend on our own vessels and their loyal crews; 2) to utilize its reserve manpower to man RRF and possibly EUSC vessels; 3) to act, if needed, unilaterally; and 4) most importantly give us additional vessel capacity to sustain, at planned levels, our logistic pipeline despite vessel and/or transshipment point losses due to hostile enemy action. DOD's recent position in support of the Clinton administration's legislative initiative⁶⁴ is a start, but there needs to be a re-examination and reversal of DOD's underlying historic indifference to the viability of the U.S. flag fleet. While DOD's shift to greater dependence on its own fleet is understandable in terms of the ability to control its own destiny, the planning alternatives offered by a viable U.S. flag fleet cannot be ignored if we are to successfully meet our sealift wartime objectives.

NOTES

- ¹ Richard T. Ackley, "Sealift and National Security" Proceedings, (July 1992) 43.
- ² Colin L. Powell, Chairman of the Joint Chief of Staff Report on Roles, Missions and Functions of the Armed Forces of the United States, (February 1993) II-6 - II-7.
- ³ Les Aspin, Annual Report to the President and the Congress, (Washington: GPO January 1994) 199.
- ⁴ Ackley, 44 and United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 103rd Cong., 1st sess. (Washington: GPO 1993) 21.
- ⁵ Ackley, 44.
- ⁶ Robert W. Kesteloot, "The Future Will Be Grimmer Than Ever for the Merchant Marine Unless National Maritime Policy is Changed," Almanac of Seapower 1993 (Arlington, Va.: Navy League of the United States 1993) 63.
- ⁷ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 20.
- ⁸ Kesteloot, 63.
- ⁹ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 23.
- ¹⁰ Gary S. Misch, "New Hope for Maritime Reform?," Sea Power (May 1993) 22.
- ¹¹ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 23.
- ¹² Misch, 22.
- ¹³ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 24.
- ¹⁴ Ackley, 45.

¹⁵ Jones Act of 1916(H.R. 15158) U.S. Statutes at Large, Chapter 448.

¹⁶ Andrew E. Gibson, So Long, American Flag," Naval War College Review (Autumn 93) 44.

¹⁷ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 25-26.

¹⁸ Kesteloot, 69.

¹⁹ Gibson, 47. Historically U. S. shipyards have suffered in competition due to the high cost of materials and hourly labor rates. However, U.S. steel costs and hourly labor costs are now comparable so the claim of unfairness rests solely with the issue of foreign shipyard subsidies.

²⁰ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 28-29.

²¹ Gibson, 47.

²² Kesteloot, 66.

²³ Kesteloot, 67.

²⁴ Kesteloot, 69.

²⁵ Jon Healey, "The Merchant Marine May Be at a Bitter End of Long Decline," Star Tribune October 3, 1993, early Sunday Metro ed., sec. A: 13.

²⁶ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 1.

²⁷ David Field, "Maritime Fleet Gets \$1 Billion Aid Plan," Washington Times March 11, 1994, early ed., sec. B: 7. Unlike the Card CRP proposal, the money for these payments will come from increased revenue fees paid by all ships entering U.S. ports from overseas.

²⁸ Harrison, Elizabeth. Director, Legislative Division, MARAD. Telephonic interview.

29 March 1994.

²⁹ Aspin, 5.

³⁰ Aspin, 200.

³¹ Trosclair, Cecil. Commander, U.S. Navy. Director MSC System and Analyst Division.

Telephonic interview. 4 April 1994.

³² Trosclair. Telephonic interview.

³³ Ackley, 42.

³⁴ Ibid.

³⁵ Kesteloot, 66.

³⁶ Aspin, 206-207.

³⁷ Aspin, 205.

³⁸ Trosclair. Telephonic interview.

³⁹ Aspin, 205; and Trosclair. Telephonic interview.

⁴⁰ Aspin, 204.

⁴¹ Trosclair. Telephonic interview.

⁴² Ibid.

⁴³ Tippet, Lou. Supervisor, Studies and Analysis Branch, MSC. Telephonic interview.

4 April 1994.

⁴⁴ Aspin, 206.

⁴⁵ Aspin, 204.

⁴⁶ Gibson, 44.

⁴⁷ Healey, sec. A: 13.

⁴⁸ Misch, 22; and Gibson, 44.

⁴⁹ Kesteloot, 64.

⁵⁰ Much of this decrease was attributed to the loss of tax advantages due to the 1986 Tax Reform Act. See, Kesteloot, 66. MSC agrees that there has been a decline in the EUSC fleet, but noted that currently United Brands which markets Chiquita bananas is planning to add 24 new break bulk refrigerator vessels to its fleet. Overall estimates would change the EUSC fleet totals from 50 to possibly as high as 80 by the year 2001. Trosclair. Telephonic interview. While refrigerator vessels would be of some use they are not as strategically useful as RO/RO or containerhips.

⁵¹ Kesteloot, 69; and Healey, sec. A: 13.

⁵² "Maritime Subsidies Sail Through House," The Times-Picayune November 5, 1993. Money sec. C: 1; see also Ackley, 45, wherein the foreign flag charter component was put at 45%.

⁵³ Trosclair. Telephonic interview.

⁵⁴ Del Persio, Jr., Michael. Director, Office of Ship Operations, MARAD. Telephonic interview. 31 March 1994.

⁵⁵ Aspin, 205.

⁵⁶ Trosclair. Telephonic interview.

⁵⁷ United States. House. Committee on Merchant Marine and Fisheries. Report to Accompany H.R. 2151, 21.

⁵⁸ Kesteloot, 69. During his telephonic interview on March 31, 1994, Mr. Del Persio indicated that there were manning, material and planning problems in preparing all the RRF for action in response to the sealift needs of the Persian Gulf War.

⁵⁹ Misch, 22; and Gibson, 44.

⁶⁰ Trosclair. Telephonic interview. When EUSC ships are normally "requisitioned" they would be obtained without their crews.